

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

9 8 — 0 0 9

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

9/28/98

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

1902(A)(10)(a)(ii)(XIV) of the act

7. FEDERAL BUDGET IMPACT:

a. FFY 1998 \$

b. FFY 1999 \$

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, pp. 17, 18a, and 19

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19-A, pp. 17 and 19

10. SUBJECT OF AMENDMENT:

Creation of local DSH pools.

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

James K. Haveman, Jr.

14. TITLE:

Director

15. DATE SUBMITTED:

9/29/98

16. RETURN TO:

Michigan Department of Community Health
Medical Services Administration
P.O. Box 30479
Lansing, MI 48909-7979

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

9/30/98

18. DATE APPROVED:

10/6/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

9-28-98

20. SIGNATURE OF REGIONAL OFFICIAL:

Cheyl A. Harris

21. TYPED NAME:

Cheryl A. Harris

22. TITLE: Associate Regional Administrator
Division of Medicaid and Children's Health

23. REMARKS:

RECEIVED

SEP 30 1998

HCFA-V-DMSO

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACTState: **MICHIGAN****POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(INPATIENT HOSPITAL SERVICES)**

Hospital operating cost ratios will be taken from hospital cost reporting periods ending between October 1, 1994 and September 30, 1995. For hospitals with more than one cost reporting period ending in this date range will have their data from the two periods added and a single ratio will be computed. If the ratio is greater than 1.0, a ratio of 1.0 will be used.

Reimbursement for inpatient services under Title V will not include DSH payments.

In order to qualify for DSH payments, hospitals must have at least one percent Medicaid inpatient days to total inpatient days.

Hospitals that fail to supply indigent volume data will not be eligible to receive disproportionate share payments.

For new hospitals, disproportionate share payments will be withheld until the hospital's indigent volume can be calculated and applied in the normal update process.

For new distinct part psychiatric units of general hospitals, the indigent volume data from the general hospital will be used to determine DSH payments applicable to the distinct part psychiatric units until the unit's indigent volume can be calculated and applied in the normal update process.

To be eligible to receive DSH payments, hospitals must also meet at least one of the following criteria. Except for hospitals and distinct part psychiatric units eligible under the fourth criteria (➤) listed below, hospitals will be contacted annually by letter and asked to report their status on these criteria.

The hospital must:

- have at least two (2) obstetricians with staff privileges at the hospital who have agreed to provide obstetric services to individuals who are eligible for Medicaid services; or
- be located in a rural area (as defined for purposes of section 1886 of the Social Security Act) and have at least two (2) physicians with staff privileges at the hospital who have agreed to provide obstetric services to individuals who are eligible for Medicaid services; or
- serve as inpatients a population predominantly comprised of individuals under 18 years of age; or
- as of December 22, 1987, not have offered non-emergency obstetric services to the general population.

1. Regular DSH Pools

TN No. 98-09

Supersedes

TN No. 98-08

Approval _____

Effective Date 9/28/98

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: MICHIGANPOLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(INPATIENT HOSPITAL SERVICES)

survey data. The share of the DSH paid to hospitals with IV of at least 20% is based on a DSH share of:

$$\text{Title XIX Charges} \times \text{Operating Ratio} \times (\text{IV} - 0.2)$$

c. Distinct Part Rehab Units

$$\text{Title XIX Charges} \times \text{Operating Ratio} \times (\text{IV} - 0.2)$$

2. Local DSH Pools

Separate DSH pools will be created annually for geographic areas covered by an Indigent Care Agreement (ICA) approved by the Director of the Medical Services Administration. Each pool will be established based upon local funds transferred to the state by one or more counties specifically for this purpose, the proportionate share of state dollars previously appropriated for such purposes (during the most recent state fiscal year for which this data is available) for the geographic area covered by the ICA, and federal financial participation funds. After the initial year, state contributions will be based on the state's initial year contribution updated annually for inflation. The inflation rate will be the same rate as experienced by the State Medical Program (SMP). Local contributions will be limited to 60% of the state and local match. Pool size will be determined annually.

DSH payments will be made to hospitals with approved ICAs between themselves and non-governmental entities established to provide medical care for the indigent population in eligible counties. Counties where approved ICAs exist will be excluded from participation in the SMP. An approved ICA must include, at a minimum, provision for medical services for those individuals who would otherwise qualify for coverage under the SMP. Medical services provided under an ICA must equal or exceed that provided by the SMP.

One quarter of the annual payment to eligible hospitals participating in an approved plan will be made at the beginning of each state fiscal quarter. To be eligible, hospitals must meet minimum federal requirements for Medicaid DSH payments (found earlier in this section) and have an approved ICA in place. The DSH payment ceiling must be specified in the ICA. Local funds must be transferred to the state before a payment based on local funds will be made to a hospital.

RECEIVED

MAY 18 2001

TN No. 98-09
Supersedes
TN No. 98-08

Approval _____ Effective Date 9/28/98
DMCH - MI/MN/WI

